

EXHIBIT A

3/07 - 2/08
"Bonus"

Circuit City Stores, Inc.

9950 Mayland Drive

Richmond, VA 23233 1-164

August 27, 2007

Dear Associate:

During the first six months of this fiscal year we continue to navigate through the whitewater. We are tackling many challenges while making some significant investments to improve the long-term performance of the company. We are making many changes to the way we operate while battling world-class competitors. I believe strongly that our strategy is sound and that by focusing on the four pillars we can succeed. You have worked hard and put forth tremendous effort, especially towards our transformation initiatives that we expect will improve performance in the second half of this year and beyond.

To drive performance in the second half of the year, and to reward the efforts of those who will drive the results, we obtained the approval of our Board of Directors to modify the annual incentive plan. The modifications set targets for the incentive plan that we believe are achievable and take into consideration the fact that our full-year results are so heavily weighted to how we perform in the last six months of the fiscal year.

As you may recall earlier this year we announced some improvements in the incentive plan, which included increasing incentive target levels for many associates as well as the addition of several first-level professionals into the plan. There is a lot at stake here, and you as an individual will win if we as a company execute on our plans.

The following describes the key changes to the program:

- The incentive payout matrix has been revised and is now based solely on results for the second half of the fiscal year.
- Achieving re-forecasted results for the second half of the year will result in a 75% payout. Maximum payout remains at 200% while the plan begins to pay an incentive at 67% attainment of the revised goal.
- The individual component for Vice Presidents and below remains unchanged and will be based on full-year performance. If your PE objectives for the individual component of incentive are linked to financial measures, you will have an opportunity to reforecast during the mid-year review process which will take place in the coming weeks.

A copy of the new plan document is attached and replaces any prior plan document you have received for this fiscal year. Please review the revised matrix as well as the sample calculation so that you can feel comfortable that this change was made for your benefit. Also, please note that the timing of the payout will not change and, if earned, is targeted for April/May 2008.

Our success over the next six months is within our control. Let's remain confident and committed to executing and achieving our goals.

Thank you,

A handwritten signature in black ink, appearing to read "Philip J. Schoonover".

Philip J. Schoonover
Chairman, President, and CEO

Circuit City Management Incentive Plan

Plan Number: CC05-REV
Effective Date: March 1, 2007 to February 28, 2008
Eligibility: Vice Presidents
Directors
Managers
Professionals in Level 4 or higher
Regional HR Directors and Asset Protection
Incentive Target: Varies by position
Maximum Payout: 160% of Incentive Target

Objective

The goal of the incentive plan is to align your pay at risk with the company goals and drive a positive return for our shareholders.

Measures

Your incentive plan has 2 measures.

	Based on	Weight	Performance Period
Company	Earnings per Share (EPS)	50%	Sep07 – Feb08
Individual Performance	Individual	50%	Annual

Company

Results will be based on second half consolidated earnings per share as reported on the Company's consolidated financial statements.

Source of Performance Data

- Finance

Formula

- The incentive payout will be calculated using the following payout matrix.
- Payout percent is a straight line pro-ration between the levels indicated below if attainment of the performance goal occurs between the specified levels. Achievement of the performance goal will be determined based on GAAP earnings as reported in the company's financial statements, excluding the effects of any change(s) in accounting principles. All determinations regarding the achievement of the performance goal will be made by the Compensation Committee of the Board.
- Should InterTAN be sold during FY08, the targeted EPS will be adjusted to back out the budget related to InterTAN and then consolidated actuals will be adjusted to remove InterTAN actuals, including any gains or losses resulting from the sale of the business. The adjusted consolidated actuals will be compared to the adjusted budget to determine the level of the incentive payout.

Percent of Goal Achievement	Company Payout %
200%	200%
100%	75%
67%	50%
Less than 67%	0%

Calculation

- **Second Half Incentive Target \$** = Base Salary as of December 1st x Incentive Target as of December 1st
- **Company Payout \$** = Second Half Incentive Target \$ x Company Payout % x 50%

Example

Assumes \$50,000 salary, 10% annual incentive target, and 100% Goal Achievement (75% Payout)

- **Second Half Incentive Target \$** = \$50,000 x 10% = \$5,000
- **Company Payout \$** = \$5,000 x 75% x 50% = \$1,875

Individual Performance

An individual's performance will be based on achievement against a documented performance plan that is in writing and submitted by the individual's manager through the performance evaluation (PE) system. Lack of a submitted performance plan may result in exclusion for this measure of the plan. The Objective rating on the PE form will be used to determine the incentive payout based on the table below. However, if the Final overall rating on the PE form is a 1 or 2 the associate will not be eligible for a payout under this measure of the plan.

Source of Performance Data

- Performance evaluation as reported in the performance evaluation system

Formula

- The payout will be calculated using the following matrix.
- The "individual payout %" shown below is based on an anticipated distribution of PE ratings. If the performance distribution is skewed with a higher number of 4's and 5's than anticipated then an adjustment to all individual payout percentages may need to be made to ensure the total overall payout is funded.

Objective (PE) Rating	Individual Payout %
5	120%
4	110%
3	100%
2	0%
1	0%

Calculation

- **Annual Incentive Target \$** = Base Salary as of December 1st x Incentive Target as of December 1st
- **Individual Performance Payout \$** = Annual Incentive Target \$ x Individual Payout % x 50% x Adjustment (if necessary)

Example

Assumes \$50,000 salary, 10% annual incentive target, and PE Rating 3 (100% Payout)

- **Annual Incentive Target \$** = \$50,000 x 10% = \$5,000
- **Individual Performance Payout \$** = \$5,000 x 100% x 50% = \$2,500

Total Payout

Company Payout \$ + Individual Performance Payout \$

Example: \$1,875 + \$2,500 = \$4,375 Total Payout

Administrative Guidelines

Following are the administrative guidelines that apply to the plan.

Performance Period

Payments are calculated for a specified and fixed period of time (the "Performance Period") and performance is measured only at the end of the Performance Period. The Performance Period for the company measure is September 1 to February 28 and for the individual measure is March 1 to February 28.

Base Salary and Incentive Target

Base salary and incentive target as of December 1st are used to calculate the incentive payout. The incentive target is represented as a % of base salary and the % target is based on the salary level of your position.

Eligibility

- Status: only full-time associates who are in an incentive eligible position participate in the plan.
- New Hires or Promotions: associates in an incentive eligible position who are hired between March 1st and August 31st are eligible for a full year incentive. For those hired between September 1st and November 30th the payout will be prorated 50%. Associates hired on or after December 1st are not eligible.
- Termination: the objective of the plan is intended to attract and retain associates, therefore, an associate who terminates prior to the date of payout is not eligible to participate and will not receive a payout, except where required by law.
- Associates on an approved leave of absence of any type (See Associate Leave Policy- STD, FML and Military Leave sections) on the date of payment may be eligible for incentive payout upon the return to work. As allowed by law, associates who fail to return to work for any reason following an approved leave of absence will not receive a payment under the incentive plan.
- Associates must receive an overall final performance rating of 3, 4 or 5 to remain eligible for a payout. As long as this criteria is met, the objectives rating will be used to calculate the payment.

Timing and General Terms

- Generally payments are calculated and are targeted for payment within 75 days of the end of the Performance Period.
- Because the plan's objective is to attract and retain associates, an associate must be actively at work on the payout day in order to be eligible for a payment.
- Payments under the plan will have payroll taxes withheld at the supplemental rate as required by federal, state and local law.
- Incentive payments are treated as taxable income and are 401k eligible; therefore, 401k contributions are deducted.
- Health and Welfare deductions will not be taken from an incentive payment.

General Conditions of the Plan

The Company reserves the right to terminate, amend, modify and/or restate the plan (in whole or in part) at any time and without advance notice.

An eligible participant's employment with the Company is at will and is terminable at any time, with or without cause, and with or without notice. The plan shall not be construed to create a contract of employment for a specified period of time between the Company and the participant.

No incentive will be earned for a Performance Period in which it has been determined that an associate has manipulated the plan, falsified information or engaged in any other conduct that in the opinion of the Company has attempted to thwart, subvert, or contravene the intent of the plan or any other measure or condition of the plan.

Due to the complex nature of variable pay plans it is impossible to cover every aspect. The clarification and resolution of any issue not clear from this plan will be determined at the sole discretion of the Chairman, President & CEO and/or Senior Vice President of Human Resources.